

Congress of the United States

U.S. House of Representatives

Washington, DC 20515

September 8, 2003

Interest Payments Are Fastest Growing Portion of Federal Budget

Dear Democratic Colleague:

Since President Bush took office, no segment of the federal budget has grown as quickly as net interest on our national debt. It is clear that our growing deficit and corresponding interest payments deserve immediate attention.

Interest on the federal debt is the most inefficient use of federal dollars. Tax dollars spent on interest can't protect our homeland from terrorism, teach a child to read, or address the impending crisis with Social Security and Medicare. Under current economic and budgetary policies, the most wasteful government expense – interest payments – has ballooned faster than any other category of federal spending.

In January 2001, net interest on the federal debt by 2011 was projected to be \$51 billion. Last week, the Congressional Budget Office (CBO) projected the 2011 figure will be \$318 billion, an increase of \$267 billion – or a whopping 523.5 percent. (To put this figure into context, national defense appropriations for 2001 totaled \$306 billion.) Over the same period, 2011 defense discretionary projections increase by 38.4 percent, non-defense discretionary by 12.8 percent, and Medicaid by 1.0 percent. Projections for Social Security and Medicare drop by 1.3 percent and 7.5 percent respectively.

Net interest only tells part of the story. Not included in net interest figures are interest payments made to other government trust funds, most notably Social Security. Using the new CBO estimates, the “debt tax” for the average family of four, including interest owed to the Social Security Trust Fund, will be \$8,138 by 2013. Unfortunately, that figure is understated, as it assumes sunset tax cuts are not renewed and new policies such as the repair of the alternative minimum tax are not enacted. Congress should not saddle future generations with an insurmountable deficit because of irresponsible fiscal policies today. Instead, we should work to bring our budget back into balance and seek to reduce our national debt.

Sincerely,

John M Spratt, Jr.
Member of Congress

Jim Turner
Member of Congress

Net Interest Grows Faster Than Any Other Segment of the Budget

2011 Level Projected in January 2001 vs. 2011 Level Projected in August 2003

